

HOUSE BILL 2000

By Matlock

AN ACT to amend Tennessee Code Annotated, Title 49
and Title 67, relative to tax credits for donations to
schools and nonprofit entities supporting schools.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 2, is amended by adding
the following as a new section:

(a) As used in this section:

(1) "Educational donation" or "donation" means any gift or contribution of
money, materials, or property from a taxpayer to, and for the benefit of, a
qualified school, LEA, school support organization as defined in § 49-2-603; or
qualified school foundation;

(2) "Eligible student" means a student who is enrolled full-time in a
qualified school or a student being taught in a home school as defined in § 49-6-
3050;

(3) "Nonpublic school" has the same meaning as defined in § 49-6-3001,
and includes a home school as defined in § 49-6-3050;

(4) "Qualified educational expenses" means tuition, instructional fees,
and materials, including textbooks, workbooks, and supplies used solely for
school-related work, and fees for extracurricular activities, including sports,
drama, band, and chorus;

(5) "Qualified school" means any public school or nonpublic school
offering education in any of the grades kindergarten through grade twelve (K-12);
and

(6) "Qualified school foundation":

(i) Means any nonprofit entity that is exempt from federal income taxation under § 501(a) of the Internal Revenue Code (26 U.S.C. § 501(a)), as an organization described in § 501(c)(3) of the Internal Revenue Code (26 U.S.C. § 501(c)(3)), and that is formed for the sole purpose of supporting a qualified school by raising and administering funds for the qualified school and its programs; and

(ii) Includes a charitable school foundation formed under § 49-2-612.

(b) For tax years beginning on or after January 1, 2017, there shall be allowed a credit equal to one hundred percent (100%) of the value of an educational donation by a taxpayer against the liability of the taxpayer under this chapter in the tax year in which the donation was made.

(c) All credits allowed under this section are nonrefundable and nontransferable and shall be awarded on a first-come, first-served basis. Any unused credit allowed under this section may be carried forward for five (5) years after the tax year in which the credit originated. The credit allowed under this section shall be limited to fifty thousand dollars (\$50,000) per taxpayer in any tax year.

(d) The taxpayer shall not designate the taxpayer's dependent or a specific eligible student as the direct beneficiary of the donation.

(e) To become entitled to the credit, the taxpayer shall provide to the department of revenue, in a form to be determined by the department, documentation certifying that the donation has been made, including the date and amount, and affirming that the use of the donation by the qualified school, LEA, school support organization, or qualified school foundation is for any of the following purposes:

(1) Enhancing educational programs;

(2) Capital improvement projects at a qualified school; or

(3) Awarding a grant or scholarship to an eligible student for qualifying educational expenses incurred by the eligible student.

(f) The qualified school, LEA, school support organization, or qualified school foundation shall certify on a form prescribed by the department that the qualified school, LEA, school support organization, or qualified school foundation's use of the donation will be in accordance with subsection (e). The qualified school, LEA, school support organization, or qualified school foundation shall provide the certification to the taxpayer. The taxpayer shall submit the certification to the department when claiming a credit under this section.

(g) Any tangible personal property donated shall be new and unused and shall be valued at its fair market value as of the date of transfer by the taxpayer. The taxpayer shall determine the fair market value of the property for purposes of the credit in such manner as may be prescribed by the commissioner.

(h) The taxpayer shall supply any information as deemed necessary by the commissioner to verify the amount of the credit and that the donation is used in accordance with subsection (e).

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.